



Billing Code: 3510-DS-P

DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE ADMINISTRATION

[A-520-805]

Notice of Final Determination of Sales at Less Than Fair Value: Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates

AGENCY: Import Administration, International Trade Administration, Department of Commerce

SUMMARY: The Department of Commerce (the Department) has determined that imports of circular welded carbon-quality steel pipe (circular welded pipe) from the United Arab Emirates (UAE) are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins of sales at LTFV are listed in the “Continuation of Suspension of Liquidation” section of this notice.

EFFECTIVE DATE: [Insert date of publication in the *Federal Register*.]

FOR FURTHER INFORMATION CONTACT: Deborah Scott or Robert James, AD/CVD Operations, Office 7, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482-2657 or (202) 482-0649, respectively.

SUPPLEMENTARY INFORMATION

Background

On June 1, 2012, the Department published in the *Federal Register* its preliminary determination in the antidumping duty investigation of circular welded pipe from the UAE.¹

On June 12, 2012, respondent Universal Tube and Plastic Industries, Ltd. (UTP-JA), KHK Scaffolding & Formwork LLC (KHK), and Universal Tube and Pipe Industries LLC (UTP-DIP) (collectively, Universal) submitted its response to the Department's May 15, 2012, supplemental questionnaire for section D. As part of its response, Universal submitted revised home market and U.S. sales databases.

As provided in section 782(i) of the Act, we conducted sales and cost verifications of the questionnaire responses submitted by Universal. We used standard verification procedures, including examination of relevant accounting and production records, as well as original source documents provided by the company.²

On July 2, 2012, petitioners Allied Tube and Conduit and the JMC Steel Group requested a hearing pursuant to the Department's regulations at 19 CFR 351.301(c).

¹ See *Circular Welded Carbon-Quality Steel Pipe From the United Arab Emirates: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination*, 77 FR 32539 (June 1, 2012) (*Preliminary Determination*).

² See Memoranda to the File entitled "Verification of the Cost Response of Universal Tube and Plastic Industries, Ltd. in the Antidumping Duty Investigation of Circular Welded Carbon Quality Steel Pipe from the United Arab Emirates," dated August 14, 2012; "Home Market Sales Verification of Universal Tube and Plastic Industries, Ltd. (UTP-JA) and Its Home Market Affiliates (collectively, Universal¹) in the Antidumping Duty Investigation of Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates (UAE)," dated August 28, 2012; and "U.S. Sales Verification of Prime Metal Corp. USA (Prime Metal) in the Antidumping Duty Investigation of Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates (UAE)," dated September 6, 2012.

On August 14, 2012, petitioners Allied Tube and Conduit and the JMC Steel Group submitted a letter requesting that the Department reject the reclassification of sales from home market to third country. Universal filed a response to petitioners' comments on August 17, 2012.

On August 15, 2012, the Department requested that Universal submit a revised cost database reflecting the minor corrections identified at the start of the cost verification.³ Universal timely filed its new cost database on August 22, 2012, in accordance with the Department's memorandum issued on that date.⁴

On September 13, 2012, Universal, respondent Abu Dhabi Metal Pipes & Profiles Industries Complex LLC (ADPICO), and petitioners Allied Tube and Conduit and the JMC Steel Group timely filed case briefs. Petitioners Allied Tube and Conduit and the JMC Steel Group withdrew their request for a hearing on September 13, 2012. On September 18, 2012, Universal and Allied Tube and Conduit and the JMC Steel Group timely submitted rebuttal comments.

Period of Investigation

The period of investigation is October 1, 2010, to September 30, 2011.

Scope of the Investigation

This investigation covers welded carbon-quality steel pipes and tube, of circular cross-section, with an outside diameter (O.D.) not more than 16 inches (406.4 mm), regardless of wall thickness, surface finish (*e.g.*, black, galvanized, or painted), end finish (plain end, beveled end, grooved, threaded, or threaded and coupled), or industry

³ See Memorandum to the File from Ji Young Oh, "Antidumping Duty Investigation of Circular Welded Carbon Quality Steel Pipe from the United Arab Emirates," dated August 15, 2012.

⁴ See Memorandum to the File from Ji Young Oh, "Antidumping Duty Investigation of Circular Welded Carbon Quality Steel Pipe from the United Arab Emirates," dated August 22, 2012.

specification (*e.g.*, American Society for Testing and Materials International (ASTM), proprietary, or other) generally known as standard pipe, fence pipe and tube, sprinkler pipe, and structural pipe (although subject product may also be referred to as mechanical tubing). Specifically, the term “carbon quality” includes products in which: (a) iron predominates, by weight, over each of the other contained elements; (b) the carbon content is 2 percent or less, by weight; and (c) none of the elements listed below exceeds the quantity, by weight, as indicated:

- (i) 1.80 percent of manganese;
- (ii) 2.25 percent of silicon;
- (iii) 1.00 percent of copper;
- (iv) 0.50 percent of aluminum;
- (v) 1.25 percent of chromium;
- (vi) 0.30 percent of cobalt;
- (vii) 0.40 percent of lead;
- (viii) 1.25 percent of nickel;
- (ix) 0.30 percent of tungsten;
- (x) 0.15 percent of molybdenum;
- (xi) 0.10 percent of niobium;
- (xii) 0.41 percent of titanium;
- (xiii) 0.15 percent of vanadium;
- (xiv) 0.15 percent of zirconium.

Subject pipe is ordinarily made to ASTM specifications A53, A135, and A795, but can also be made to other specifications. Structural pipe is made primarily to ASTM

specifications A252 and A500. Standard and structural pipe may also be produced to proprietary specifications rather than to industry specifications. Fence tubing is included in the scope regardless of certification to a specification listed in the exclusions below, and can also be made to the ASTM A513 specification. Sprinkler pipe is designed for sprinkler fire suppression systems and may be made to industry specifications such as ASTM A53 or to proprietary specifications. These products are generally made to standard O.D. and wall thickness combinations. Pipe multi-stenciled to a standard and/or structural specification and to other specifications, such as American Petroleum Institute (API) API-5L specification, is also covered by the scope of this investigation when it meets the physical description set forth above, and also has one or more of the following characteristics: is 32 feet in length or less; is less than 2.0 inches (50mm) in outside diameter; has a galvanized and/or painted (e.g., polyester coated) surface finish; or has a threaded and/or coupled end finish.

The scope of this investigation does not include: (a) pipe suitable for use in boilers, superheaters, heat exchangers, refining furnaces and feedwater heaters, whether or not cold drawn; (b) finished electrical conduit; (c) finished scaffolding;⁵ (d) tube and pipe hollows for redrawing; (e) oil country tubular goods produced to API specifications; (f) line pipe produced to only API specifications; and (g) mechanical tubing, whether or not cold-drawn. However, products certified to ASTM mechanical tubing specifications are not excluded as mechanical tubing if they otherwise meet the standard sizes (e.g., outside diameter and wall thickness) of standard, structural, fence and sprinkler pipe.

⁵ Finished scaffolding is defined as component parts of a final, finished scaffolding that enters the United States unassembled as a “kit.” A “kit” is understood to mean a packaged combination of component parts that contain, at the time of importation, all the necessary component parts to fully assemble a final, finished scaffolding.

Also, products made to the following outside diameter and wall thickness combinations, which are recognized by the industry as typical for fence tubing, would not be excluded from the scope based solely on their being certified to ASTM mechanical tubing specifications:

- 1.315 inch O.D. and 0.035 inch wall thickness (gage 20)
- 1.315 inch O.D. and 0.047 inch wall thickness (gage 18)
- 1.315 inch O.D. and 0.055 inch wall thickness (gage 17)
- 1.315 inch O.D. and 0.065 inch wall thickness (gage 16)
- 1.315 inch O.D. and 0.072 inch wall thickness (gage 15)
- 1.315 inch O.D. and 0.083 inch wall thickness (gage 14)
- 1.315 inch O.D. and 0.095 inch wall thickness (gage 13)
- 1.660 inch O.D. and 0.047 inch wall thickness (gage 18)
- 1.660 inch O.D. and 0.055 inch wall thickness (gage 17)
- 1.660 inch O.D. and 0.065 inch wall thickness (gage 16)
- 1.660 inch O.D. and 0.072 inch wall thickness (gage 15)
- 1.660 inch O.D. and 0.083 inch wall thickness (gage 14)
- 1.660 inch O.D. and 0.095 inch wall thickness (gage 13)
- 1.660 inch O.D. and 0.109 inch wall thickness (gage 12)
- 1.900 inch O.D. and 0.047 inch wall thickness (gage 18)
- 1.900 inch O.D. and 0.055 inch wall thickness (gage 17)
- 1.900 inch O.D. and 0.065 inch wall thickness (gage 16)
- 1.900 inch O.D. and 0.072 inch wall thickness (gage 15)
- 1.900 inch O.D. and 0.095 inch wall thickness (gage 13)

1.900 inch O.D. and 0.109 inch wall thickness (gage 12)
2.375 inch O.D. and 0.047 inch wall thickness (gage 18)
2.375 inch O.D. and 0.055 inch wall thickness (gage 17)
2.375 inch O.D. and 0.065 inch wall thickness (gage 16)
2.375 inch O.D. and 0.072 inch wall thickness (gage 15)
2.375 inch O.D. and 0.095 inch wall thickness (gage 13)
2.375 inch O.D. and 0.109 inch wall thickness (gage 12)
2.375 inch O.D. and 0.120 inch wall thickness (gage 11)
2.875 inch O.D. and 0.109 inch wall thickness (gage 12)
2.875 inch O.D. and 0.134 inch wall thickness (gage 10)
2.875 inch O.D. and 0.165 inch wall thickness (gage 8)
3.500 inch O.D. and 0.109 inch wall thickness (gage 12)
3.500 inch O.D. and 0.148 inch wall thickness (gage 9)
3.500 inch O.D. and 0.165 inch wall thickness (gage 8)
4.000 inch O.D. and 0.148 inch wall thickness (gage 9)
4.000 inch O.D. and 0.165 inch wall thickness (gage 8)
4.500 inch O.D. and 0.203 inch wall thickness (gage 7)

The pipe subject to this investigation is currently classifiable in Harmonized
Tariff Schedule of the United States (HTSUS) statistical reporting numbers
7306.19.1010, 7306.19.1050, 7306.19.5110, 7306.19.5150, 7306.30.1000, 7306.30.5025,
7306.30.5032, 7306.30.5040, 7306.30.5055, 7306.30.5085, 7306.30.5090, 7306.50.1000,
7306.50.5050, and 7306.50.5070. However, the product description, and not the HTSUS

classification, is dispositive of whether the merchandise imported into the United States falls within the scope of the investigation.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this antidumping investigation are addressed in the Issues and Decision Memorandum from Christian Marsh, Deputy Assistant Secretary for Antidumping and Countervailing Duty Operations, to Paul Piquado, Assistant Secretary for Import Administration (Issues and Decision Memorandum), which is dated concurrently with, and hereby adopted by, this notice. A list of the issues raised is attached to this notice as Appendix I. The Issues and Decision Memorandum is a public document and is on file electronically via Import Administration's Antidumping and Countervailing Duty Centralized Electronic Service System (IA ACCESS). IA ACCESS is available to registered users at <http://iaaccess.trade.gov> and in the Central Records Unit (CRU), room 7046 of the main Department of Commerce building. In addition, a complete version of the Issues and Decision Memorandum can be accessed directly on the internet at <http://www.trade.gov/ia/>. The signed Issues and Decision Memorandum and the electronic versions of the Issues and Decision Memorandum are identical in content.

Changes Since the *Preliminary Determination*

Based on our analysis of the comments received and our findings at verification, we have made certain changes to the margin calculation for Universal. For a discussion of these changes, *see* Memorandum to the File, through Robert James, Program Manager, from Deborah Scott, International Trade Compliance Analyst, entitled "Analysis of Data Submitted by Universal in the Final Determination of the Antidumping Duty

Investigation of Circular Welded Carbon-Quality Steel Pipe from the United Arab Emirates,” dated October 15, 2012; *see also* Memorandum to Neal M. Halper, Director, Office of Accounting, through Theresa C. Deeley, Lead Accountant, from Ji Young Oh, Senior Accountant, entitled, “Cost of Production and Constructed Value Calculation Adjustments for the Final Determination – Universal Tube and Plastic Industries, Ltd.” dated October 15, 2012. We have not made any changes since the Preliminary Determination with respect to ADPICO.

Continuation of Suspension of Liquidation

Pursuant to section 735(c)(1)(B) of the Act, we will instruct U.S. Customs and Border Protection (CBP) to continue to suspend liquidation of all entries of circular welded pipe from the UAE which were entered, or withdrawn from warehouse, for consumption on or after June 1, 2012, the date of publication of the *Preliminary Determination*. We will instruct CBP to require a cash deposit or the posting of a bond equal to the weighted-average margins, as indicated below, as follows: (1) the rates for Universal and ADPICO will be the rates we have determined in this final determination; (2) if the exporter is not a firm identified in this investigation but the producer is, the rate will be the rate established for the producer of the subject merchandise; (3) the rate for all other producers or exporters will be 3.85 percent, as discussed in the “All Others Rate” section, below. These suspension-of-liquidation instructions will remain in effect until further notice.

| Manufacturer/Exporter (percent) | Weighted-Average Margin |
|------------------------------------|-------------------------|
|------------------------------------|-------------------------|

| | |
|---|-------|
| Universal Tube and Plastic Industries, Ltd./ KHK Scaffolding & Formwork LLC/ Universal Tube and Pipe Industries LLC | 3.85 |
| Abu Dhabi Metal Pipes & Profiles Industries Complex LLC | 11.71 |
| All Others | 3.85 |

All Others Rate

Section 735(c)(5)(A) of the Act provides that the estimated all others rate shall be an amount equal to the weighted average of the estimated weighted-average dumping margins established for exporters and producers individually investigated excluding any zero or *de minimis* margins and any margins determined entirely under section 776 of the Act. Universal is the only respondent in this investigation for which we calculated a company-specific rate that is not zero, *de minimis*, or determined entirely under section 776 of the Act. Therefore, for purposes of determining the “all others” rate and pursuant to section 735(c)(5)(A) of the Act, we are using the dumping margin calculated for Universal, 3.85 percent, for the “all others” rate, as referenced above.

Disclosure

We intend to disclose to parties in this proceeding the calculations performed within five days of the date of publication of this notice in accordance with 19 CFR 351.224(b).

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our final determination. As our final determination is affirmative and in accordance with section 735(b)(2) of the Act, the ITC will determine, within 45 days, whether the domestic industry in the United States is materially injured, or threatened with material injury, by reason of imports or sales (or the likelihood of sales) for importation of the subject merchandise. If the ITC determines that such injury does exist, the Department will issue an antidumping duty order directing CBP to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the effective date of the suspension of liquidation.

Notification Regarding Administrative Protective Order

This notice also serves as a final reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This determination is issued and published pursuant to sections 735(d) and 777(i)(1) of the Act.

Paul Piquado
Assistant Secretary
for Import Administration

October 15, 2012_
Date

Appendix I

List of Issues in the Issues and Decision Memorandum

Universal

- Comment 1: Reclassification of Sales from Home Market to Third Country
- Comment 2: Level of Trade
- Comment 3: Early Payment Discounts
- Comment 4: Post-Sale Price Adjustments to U.S. Price
- Comment 5: U.S. Indirect Selling Expense Ratio
- Comment 6: Various Issues Noted in the Home Market and U.S. Sales Verification Reports
- Comment 7: UTP-JA's Other Material Costs
- Comment 8: UTP-JA's General and Administrative Expense Ratio Calculation
- Comment 9: KHK's Un-reconciled COM Difference
- Comment 10: KHK's General and Administrative Expense Ratio Calculation
- Comment 11: Universal's Financial Expense Ratio Calculation
- Comment 12: Targeted Dumping/Zeroing

ADPICO

- Comment 13: Application of Total Adverse Facts Available